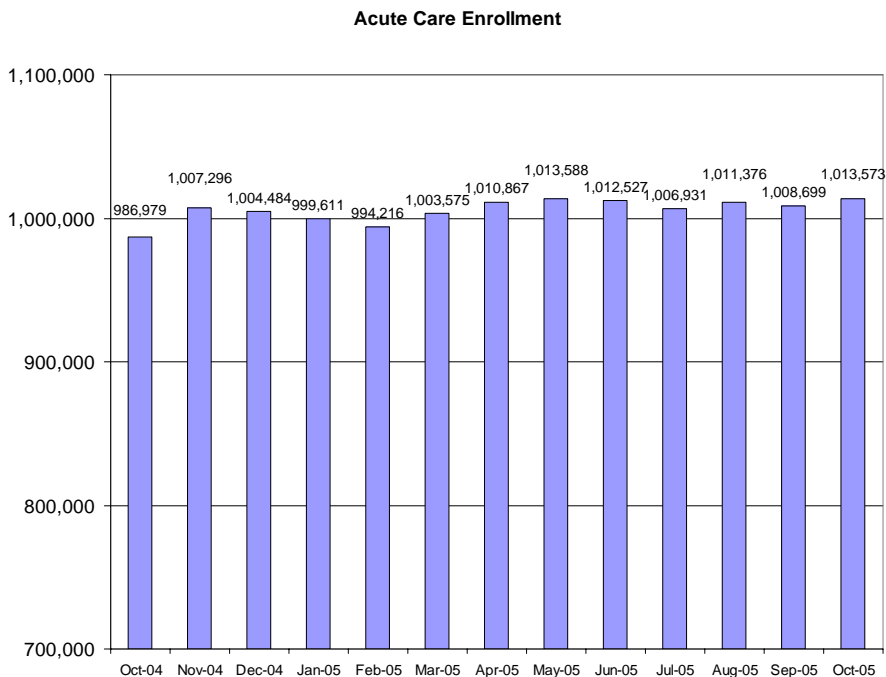


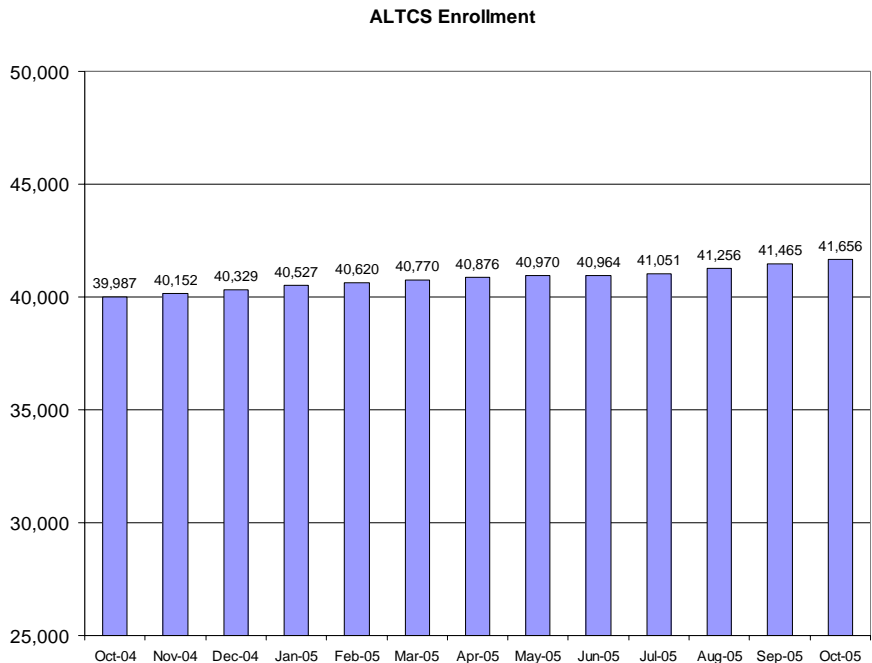
# AHCCCS QUARTERLY PROGRESS REPORT FOR JULY 1, 2005 THROUGH SEPTEMBER 30, 2005

## TABLE OF CONTENTS

AHCCCS POPULATION.....	2
ORGANIZATION/KEY PERSONNEL CHANGES.....	2
PROGRAM CHANGES.....	2
QUALITY IMPROVEMENT.....	3
LEGAL.....	3
LEGISLATION.....	4
STATE PLAN.....	5
AHCCCS CONTRACTORS.....	5
UPCOMING QUARTER.....	5

### AHCCCS Population





## Organization/Key Personnel Changes

January Contreras has transitioned into the position of Assistant Director, Office of Intergovernmental Relations.

Alma Torres is the new Administrative Assistant for the Office of Intergovernmental Relations.

Gina Flores was hired as the Community Relations Administrator for AHCCCS.

## Program Changes

AHCCCS continues to focus on implementation of the Medicare Modernization Act of 2003 (MMA) Part D Prescription Drug coverage and the impact to over 80,000 dual eligible members in Arizona. The transition to Medicare prescription drug coverage is cause for great concern and has been addressed with CMS through comments on the MMA Regulations. AHCCCS is engaged in conference calls with Region IX of CMS to address the concerns with implementation of Medicare Part D. AHCCCS collaborated with six of its' Contractors in obtaining designation as Medicare Advantage Prescription Drug Plan/Special Needs Plans (MA-PD/SNP). CMS allowed current AHCCCS members enrolled with one of the six MA-PD/SNPs for their Medicaid services to be passively enrolled with that same plan for their Medicare services, unless the member chooses another Part D plan. AHCCCS has provided training to its eligibility staff to determine eligibility for the Low-Income Subsidy as well as to case managers across the state who will be assisting dual eligible members in enrolling in a Part D plan. A plan was recently developed to begin outreach to the provider community.

AHCCCS has submitted a formal request to renew our 1115 Waiver. CMS has informed us that we will be processed for a five-year renewal. In addition, CMS reports that our outstanding waiver proposals will be processed as part of our general 1115 Waiver. Arizona's outstanding proposals include the Employer Subsidized Insurance Pilot Proposal, a proposal to implement premiums for ALTCS children whose family income exceeds 400% FPL, a proposal to disregard interest income during eligibility determinations, and our initiative to develop a program to serve children from birth to the age of five with special health care needs.

In response to legislation appropriating supplemental funds for reimbursement for inpatient rural hospital services, Arizona continues to seek CMS approval to make supplemental payments to these hospitals. Governor Napolitano recently expressed the importance of these payments in a letter to Dennis Smith.

## **Quality Improvement**

The following quality improvement deliverables were submitted during this quarter:

- Quarterly Quality Improvement Initiative Report
- Annual Medical Audit Report
- ALTCS Indicators

## **Legal**

AHCCCS v. CMS (IHS Referral Issue) – The US District Court for Arizona ruled in favor of the state on April 24, 2005. A three-judge panel of the 8<sup>th</sup> Circuit Court of Appeals ruled in favor of CMS three days later. CMS has indicated intent to appeal the decision of the US District Court for Arizona. North and South Dakota have asked the 8<sup>th</sup> Circuit Court of Appeals to review its decision.

Ball v. Rodgers (HCBS class action) – Judge Carroll issued an Order on May 24, 2005 in which the Judge proposes to retain jurisdiction of the case through 12/31/08. The Order proposes to amend the Injunction of last August by requiring AHCCCS to finalize a system for HCBS individuals without gaps in critical services by 8/15/05. The Order proposes that AHCCCS provide each individual with critical services without gaps. Critical services are defined to include personal care services such as bathing, toileting, feeding, transferring and assistance with other similar daily activities. (Homemaker services are not mentioned) Gaps in critical services are to be corrected within 2 hours. The Order also proposes that AHCCCS implement an expedited grievance process by 8/15/05 and that AHCCCS provide a rate of pay to health care workers sufficient to attract enough health care workers to deliver the above critical services. Additionally, the Judge identifies several factors that must be considered by the Agency in determining rates of pay such as Medicare rates, private sector rates and the current level of supply and demand. By 9/15/05, AHCCCS is to submit an independent study of the private sector's delivery of HCBS services in Arizona that analyzes the extent to which the critical services "are as available to AHCCCS members as they are to the general population." Reporting requirements regarding gaps are also delineated.

On June 28, 2005, Judge Carroll issued an Order which contained minor modifications to his previous Order in May: The filing date for Defendant's independent study of the private sector's delivery of HCBS services was changed from 9/15/05 to 10/15/05, and Defendant's initial monthly report of gaps in critical services has been moved from 8/15/05 to 9/1/05. Consistent with the prior ruling, the most recent Order requires AHCCCS to inform all qualified individuals of their rights by August 15, 2005. With respect to the appeal in this matter, AHCCCS filed its Opening Brief with the Ninth Circuit on June 20, 2005; the Plaintiffs are expected to file their Response in August.

Padilla v. Rodgers (ESRD class action) – CMS was brought back in as a defendant and federal payment of disallowed amounts must be made. AHCCCS has been working with the plaintiffs and CMS counsel on a consent decree - a stipulated settlement agreement that will be enforceable by the court. Most issues have been resolved. Plaintiffs have agreed to a clause that excuses performance on the part of the state if there is a change in federal law, but are reluctant to agree to excusing performance based on a nation-wide change in federal policy.

Newton-Nations, et al. v. Rodgers (Co-pay class action) – Motions for summary judgment are pending with the court.

Samaritan Health Systems v. AHCCCS (Outlier Litigation) – No change to report.

## **Legislation**

The 2005 legislative session adjourned Sine Die on Friday, May 13, 2005. No legislation has been approved in the interim. The agency is currently developing its 2006 legislative agenda.

## **State Plan**

Included at the end of the report is a tracking document that provides the dates that Title XIX and Title XXI State Plan Amendments were submitted and approved.

## **AHCCCS Contractors**

Maricopa Long-Term Care ceased being an AHCCCS Program Contractor effective October 1, 2005. AHCCCS worked closely with the two other long-term care contractors in Maricopa County to ensure that members were transitioned appropriately.

AHCCCS will soon be issuing a RFP for ALTCS contractors. An internal work group has been established.

## **Upcoming Quarter**

Director Rodgers has been invited to present at the Medicaid Commission meeting on October 27, 2005.